



Colorado Credit Union System

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March 24, 2003

Chief of Records

ATTN: Request for Comments

Office of Foreign Assets Control, Department of the Treasury

1500 Pennsylvania Ave., N.W.

Washington, D.C. 20220

Dear Sir or Madam:

The Regulatory Subcommittee of the Colorado Credit Union League has reviewed the Treasury's Office of Foreign Assets Control updated Economic Sanctions Enforcement Guidelines. The Colorado Credit Union League serves nearly 160 credit unions in the state of Colorado. After review, I respectfully submit the following comments on behalf of the Committee.

The Committee feels that any list of mitigating factors used in determining the assessment of penalties should include consideration of the due diligence exercised by the financial institution in conducting a particular transaction. Where a transaction results in a violation, the reasonable efforts of the financial institution to comply with the OFAC regulations should be considered in determining whether or not sanctions will be imposed, and the severity of those sanctions.

As part of the factors used to determine whether or not a Warning Letter should be issued, OFAC should include those transactions for which there is only very limited information provided by the SDN and Blocked Persons lists. Where a violation occurs that results primarily as a result of limited information, it would be inappropriate to impose economic sanctions where reasonable efforts have been used to maintain compliance.

The guidelines recognize certain aggravating circumstances including second and subsequent offenses. However, the Committee believes that there should be a clarification recognizing the frequency of violations. For example, violations occurring not more frequently than every 12 months should be treated differently than violations that occur on a more frequent basis, i.e., multiple violations within one year.

The Committee believes that any voluntary disclosure of a violation should not result in any economic sanctions absent a pattern or practice of violations, and when the financial institution has made reasonable efforts to comply with the regulations.

Chief of Records
Economic Sanctions Enforcement Guidelines
March 24, 2003
Page 2

We urge the Office of Foreign Assets Control to adopt a "totality of circumstances" type test in all determinations of whether or not to impose sanctions and the amount of any sanctions it imposes. Financial institutions that do not exhibit a pattern or practice of non-compliance and that make reasonable efforts to comply with the regulation should not be subjected to the same sanctions as frequent violators.

Finally, we encourage the Office of Foreign Assets Control to provide guidance, training, and assistance needed by many smaller institutions to ensure compliance with the regulations. We also encourage the OFAC to take into consideration the limited economic and human resources of smaller financial institutions when evaluating good faith efforts to comply with the regulations.

Respectfully submitted,



Paul Denning, President, Mesa County Teachers FCU
Chairman, Colorado Credit Union League Regulatory Subcommittee